

MINUTES OF MEETING OF THE
NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
June 5, 2006

The Board of Directors (the "Board") of the North Harris County Regional Water Authority (the "Authority") met in regular session, open to the public, at 7:00 p.m. on the 5th day of June, 2006, at the Authority's office located at 3648 FM 1960 West, Houston, Texas, a public meeting place within the boundaries of the Authority; whereupon, the roll was called of the duly constituted officers and members of the Board, to-wit:

Alan J. Rendl	President
Kelly P. Fessler	Vice President
Lenox A. Sigler	Secretary
James D. Pulliam	Treasurer
Ron Graham	Assistant Secretary

All members of the Board were present, except Director Rendl, thus constituting a quorum. Also attending the meeting were: Mrs. Kelly Fessler; Mr. Jimmie Schindewolf, P.E., General Manager for the Authority; Mr. Anthony Crisci, P.E., Construction Coordinator for the Authority; Mr. Showri Nandagiri, P.E., Engineering Coordinator for the Authority; Mr. Paul Nelson, Planning and GIS Coordinator for the Authority; Ms. Cynthia Plunkett, Financial Assistant for the Authority; Ms. Barbara Payne of Payne Communications, communications coordinator for the Authority; Messrs. Tom Rolen, P.E. and Curtis Villarreal, P.E. of Turner Collie & Braden Inc. ("TCB"), Engineer Manager for the Authority; Mr. Dave Scholler, P.E. of Brown & Gay Engineers, Inc., on-call engineers for the Authority; Mr. Tom Matkin, P.E. of AEI Engineering, Inc. ("AEI"), on-call engineers for the Authority; Mr. Michael Bagstad, P.E. of Carter & Burgess, Inc., a subcontractor to AEI for Projects 6A and 15A; Mr. Robert Ybanez, P.E. of Jones & Carter, Inc., on-call engineers for the Authority; Mr. Pardha Namuduri, P.E. of Klotz Associates, on-call engineers for the Authority; Mr. Larry Barfield, P.E. of Binkley & Barfield, Inc., on-call engineers for the Authority; Mr. Brian Cunningham of Project Surveillance, Inc., a subcontractor to TCB and project representative on several Authority projects; Mr. Leroy Mensik of Severn Trent Environmental Services, Inc. ("Severn Trent"), operators for the Authority; Mr. Mark Breeding of Andrews Kurth LLP, Right-of-Way ("ROW")/easement acquisition attorneys for the Authority; and Ms. Robin S. Bobbitt, attorney, and Ms. Brooke T. Dold, paralegal, of Johnson Radcliffe Petrov & Bobbitt PLLC, general counsel and co-bond counsel for the Authority. Numerous members of the public and other consultants to the Authority were also present at the meeting. Copies of the sign-in sheets for those in attendance at the meeting are attached hereto.

WHEREUPON, the meeting was called to order and evidence was presented that public notice of the meeting had been given in compliance with the law. The posted notices of the meeting are attached hereto.

BOARD'S COMMENTS

Director Fessler noted that he would be serving as the presiding officer at tonight's meeting in Director Rendl's absence.

Director Pulliam then presented a gift from the Board to Director Fessler for his service to the Authority as President of the Board.

STATUS OF ACTIVITIES BY COMMUNICATIONS/PUBLIC INFORMATION
COORDINATOR

A copy of Ms. Payne's PowerPoint presentation for the meeting is attached hereto.

Ms. Payne first reported that the Authority's website had 43,106 hits for the month of May. Ms. Payne went on to report that last month, the Authority's Mobile Teaching Lab visited the Humble Independent School District ("ISD"), Spring ISD and the City of Houston's (the "City") 13th Annual Water Festival. Ms. Payne gave special thanks to Severn Trent for transporting the Mobile Teaching Lab to the City's Water Festival. Ms. Payne then displayed a plaque presented by the City to the Authority for participation in the City's Water Festival.

Ms. Payne next reported that Kleinwood Municipal Utility District ("Kleinwood") donated \$5,000 towards the purchase of Journey to Pansophigus books, and noted that Kleinwood will be added to the list of major donors on the side of the Mobile Teaching Lab.

Ms. Payne then reported that Ms. Giti Zarinkelk, P.E. of Zarinkelk Engineering Services, Inc. made a generous contribution to provide Journey to Pansophigus educational materials to a local private school.

Ms. Payne then shared a letter from Ms. Teresa B. Green, Director of Science in Spring ISD, regarding the Journey to Pansophigus program in Spring ISD.

Ms. Payne next announced that Ms. Nikki Wynn and Mr. Daniel Shaw wrote and illustrated a new coloring book entitled Water Is Life that features the characters from Journey to Pansophigus for use with kindergarten through third (3rd) grade children. Mr. Payne noted that the coloring book has been published in both English and Spanish.

GENERAL MANAGER'S REPORT

Mr. Schindewolf then reviewed the General Manager's Report with the Board, a copy of which is attached hereto, and noted that miscellaneous correspondence was included in the meeting packet.

Mr. Schindewolf reported that Mr. Nelson, Ms. Payne, Mr. Rolan and representatives of Cobourn, Linseisen & Ratcliff, Inc. have been updating the Authority's Geographical Information Systems ("GIS") to include the Authority's 2010 water distribution and transmission lines that have been constructed, those that are currently being constructed, and those that will be designed and constructed as part of that same system. Mr. Nelson, assisted by Ms. Payne, then demonstrated several of the capabilities of the updated GIS. Mr. Nelson stated that the next step will be to digitize the as-built construction drawings into a format that will allow the Authority to provide specific vertical and horizontal alignment information to consulting engineers who are designing projects in close proximity to the Authority's water transmission lines.

Director Pulliam inquired if there are any security issues or concerns with the GIS. Mr. Nelson responded that the Authority will need to determine how much of the GIS information will be made available to the general public, and noted that portions of the GIS will be password protected and limited to use only by Authority staff and authorized consultants.

STATUS OF ROW/EASEMENT ACQUISITIONS

Mr. Breeding was then called upon by Mr. Schindewolf to present a brief status report on the various ROW/easement acquisitions by the Authority.

Mr. Breeding reported that the ROW/Easement Acquisition Team is working on easement acquisitions for Project 15A, the project that will connect Project 7C with Project 4. Mr. Breeding also reported that the Authority and Harris County have agreed to that part of the alignment for Project 6B in front of the Villagio Subdivision.

Mr. Breeding next reported that there are four (4) pending lawsuits, including one (1) lawsuit in connection with Project 6 and three (3) lawsuits in connection with Project 6B. Mr. Breeding added that one (1) case is scheduled to be heard on June 20, 2006, and two (2) are scheduled in July.

UPDATE ON 2010 WATER DISTRIBUTION AND TRANSMISSION SYSTEM - PHASE 1 GROUNDWATER TRANSFER PROGRAM

Mr. Schindewolf next called on Mr. Rolen to review the status of the various Groundwater Transfer Program (the "GTP") projects.

ENGINEER MANAGER'S REPORT

Mr. Rolen then presented the Engineer Manager's Report, a copy of which is attached hereto.

Mr. Rolen reported that Projects 6 and 7A-1 are substantially complete and acceptance of such projects by the Authority is on tonight's agenda.

Mr. Rolen then reported that Projects 1B, 1C-2, 5C and 7B are also substantially complete, and it is anticipated that acceptance of such projects will be on the July agenda.

Mr. Rolen then reported that Project 1A is substantially complete, and that the contractor is working on completing final punch list items and final cleanup.

Mr. Rolen next reported that C.E. Barker, Ltd., contractor for Project 6A, has substantially completed the base project and is working on an additional district connection.

Mr. Rolen then reported that Jalco, Inc., the contractor for Project 7C, Contract 1, has completed installation and testing of the water line and is working on site cleanup work and preparing for the final walkthrough on the project.

Mr. Rolen went on to report that the Authority's Supervisory Control and Data Acquisition ("SCADA") system contractor, Mercer Controls, Inc., has completed the plan submittal process and is continuing with the installation of the conduits and pads at various sites.

Mr. Rolan noted that no additional pipe was installed this month and stated that to date, the Authority has installed a total of 28.6 miles of water line ranging in size from 12-inch to 60-inch.

Mr. Rolan reported no major change since last month on the status of finalizing the Greens Road water line projects.

Concerning the GTP, Mr. Rolan reported that there are currently five (5) Buyer districts and five (5) Seller districts, and that approximately 2.2 million gallons per day of water is currently being purchased by the Buyer districts. Mr. Rolan added that Harris County Municipal Utility District No. 16 and Terranova West Municipal Utility District have expressed an interest in purchasing water, and that the Authority is working on responding to such requests.

Concerning other activities, Mr. Rolan reported that they continue to monitor engineering efforts on Projects 6B-2, 10, 15A, and the 2010 transmission line and the siting study for the Spears Road Regional Pump Station. Mr. Rolan stated that during the prior month, the Engineer Manager has also worked on other items on behalf of the Authority, such as assisting with ROW/easement acquisitions, providing construction administration and project representation on construction projects, monitoring the operation of the GTP South and West Systems, providing oversight on behalf of the Authority of Severn Trent's activities and contract, assisting the Authority in accomplishing various tasks needed to finalize the purchase of the former Hewlett-Packard water well, and submitting the annual report for and securing a one (1) year renewal of the Authority's Harris County Master Storm Water Quality Permit (the "Permit"). Mr. Rolan gave a brief overview of the Permit requirements and what the Authority had done to comply with those requirements. Mr. Rolan explained that the Permit covers all construction performed by the Authority and has proven to be very cost effective for the Authority. Director Graham then inquired about the cost of the Permit. Mr. Rolan responded that the Permit fee is \$150.00 and covers all of the Authority's construction projects.

ATTORNEY'S REPORT

Ms. Bobbitt stated that she did not have anything to report tonight.

REGULAR AGENDA

APPROVAL OF THE MINUTES

Director Fessler then asked for approval of the minutes of the regular meeting of May 1, 2006, previously distributed to the Board. Upon motion by Director Sigler, seconded by Director Graham, after full discussion and the question being put to the Board, the Board voted unanimously to approve the minutes of the regular meeting of May 1, 2006, as written.

FINANCIAL ASSISTANT'S REPORT

Director Fessler then recognized Ms. Plunkett, who reviewed the Authority's Financial Report with the Board, including the monthly investment report, the checks being presented for payment and the budget comparison for the month ending April 30, 2006, a copy of which is attached hereto. Ms. Plunkett stated that the budget comparison for the four (4) month period ending April 30th reflects that the Authority is approximately \$3,713,991 under budget for the fiscal year ending December 31, 2006.

Upon motion by Director Pulliam, seconded by Director Sigler, after full discussion and the question being put to the Board, the Board voted unanimously to approve the Financial Report, the monthly investment report and the checks being presented for payment.

ACCEPTANCE OF PROJECTS 6 and 7A-1

Mr. Schindewolf next recommended that the Board authorize final acceptance of the work performed by D. L. Elliott Enterprises, Inc. ("D. L. Elliott") under their contract with the Authority for Project 6 for construction of the 48-inch water main along Louetta Road, with a final contract amount of \$7,840,604.48. Mr. Schindewolf noted that the initial contract bid was in the amount of \$7,539,068.00. Mr. Schindewolf also stated that the one (1) year warranty period for the project began on January 20, 2006, the date of the contractor's substantial completion of the project.

Mr. Schindewolf then recommended that the Board authorize final acceptance of the work performed by Calco Contracting, Ltd. ("Calco") under their contract with the Authority for Project 7A-1 for construction of the 16-inch water line along Ella Boulevard, with a final contract amount of \$765,456.50. Mr. Schindewolf noted that the initial contract bid was in the amount of \$846,049.00. Mr. Schindewolf also stated that the one (1) year warranty period for the project began on May 17, 2006, the date of the contractor's substantial completion of the project.

Mr. Schindewolf then noted that to date, the Authority is running 3.54% under budget on the total cost of construction contracts.

Upon motion by Director Sigler, seconded by Director Pulliam, after full discussion and the question being put to the Board, the Board voted unanimously to authorize final acceptance of Projects 6 and 7A-1 and approval of Pay Estimate No. 23 and Final to D. L. Elliott and Pay Estimate No. 6 and Final to Calco, respectively. Copies of Mr. Schindewolf's letters, Certificates of Completion, and final Pay Estimates are attached hereto.

Mr. Schindewolf reported that to date, the Authority has awarded \$31 million in construction contracts, and the Authority is \$1.097 million under budget for the total of all construction projects.

CONFIRM UPCOMING MEETING DATE

Director Fessler then stated that a public hearing on the proposed pumpage fee increase will be held on Thursday, July 6, 2006, at 6:00 p.m., and that the next regular meeting of the Board will be held on Thursday, July 6, 2006, at 7:00 p.m. at the Authority's office.

There being no further business to come before the Board, the meeting was adjourned.

PASSED, APPROVED AND ADOPTED this 6th day of July, 2006.

/s/Lenox A. Sigler

Secretary, Board of Directors

(AUTHORITY SEAL)